

UAP HOLDINGS LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	30-Jun-19 Kes'M	30-Jun-18 Kes'M	% change
Gross written premium	9,912	9,738	1.8%
Gross earned premium	9,178	8,917	2.9%
Reinsurance ceded	(1,606)	(1,574)	2.0%
Net earned premium	7,572	7,343	3.1%
Investment income	1,890	2,047	-7.7%
Commissions earned	388	397	-2.3%
Other income	40	71	-43.8%
Total income	9,891	9,857	0.3%
Net claims payable	(5,503)	(5,176)	-6.3%
Operating and other expenses	(2,222)	(2,416)	8.0%
Commissions payable	(1,043)	(1,085)	3.8%
Finance costs	(604)	(401)	-50.8%
Reorganisation costs	-	(335)	100.0%
Profit before tax	517	445	16.3%
Income tax expense	(135)	(255)	47.2%
Profit for the period	383	190	>100%
Other comprehensive income	78	(174)	>100%
Total comprehensive income for the period	461	16	>100%
Basic and diluted EPS	1.58	0.49	>100%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30-Jun-19 Kes'M	31-Dec-18 Kes'M
CAPITAL EMPLOYED		
Share capital	1,059	1,057
Share premium	4,613	4,613
Retained earnings	10,470	10,207
Translation reserve	(201)	(170)
Statutory reserve	578	416
Revaluation Surplus	68	68
Shareholders' funds	16,587	16,190
Non-controlling interest	1,132	1,005
Total equity	17,719	17,195
REPRESENTED BY		
ASSETS		
Intangible assets	212	166
Property and equipment	2,737	2,717
Investment properties	19,533	19,757
Equity investments	3,363	3,293
Government securities	15,015	14,411
Corporate bonds	1,109	1,286
Insurance and reinsurance contract related receivables	6,640	6,422
Other loans and receivables	4,769	4,025
Cash and deposits with financial institutions	7,933	6,598
Total assets	61,311	58,676
LIABILITIES		
Insurance and investment contract liabilities	18,512	17,672
Unearned premium reserves	7,768	7,022
Borrowings	11,223	11,098
Reinsurance payables	1,396	1,176
Other payables	4,693	4,513
Total liabilities	43,592	41,481
Net Assets	17,719	17,195

ABRIDGED CONSOLIDATED STATEMENT OF CASHFLOWS	30-Jun-19 Kes'M	31-Dec-18 Kes'M
Net Cash flow from / (used in) operating activities	1,191	(911)
Net Cash inflow from investing activities	640	1,054
Net cash (used in) financing activities	(497)	(906)
Cash and cash equivalents at beginning of year	6,598	7,361
Cash and cash equivalents at end of June 2019	7,933	6,598

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share Capital & Share Premium Kes'M	Retained Earnings Kes'M	Other Reserves Kes'M	Non-controlling Interest Kes'M	Total Equity Kes'M
Balance at 1st January 2019	5,670	10,206	314	1,005	17,195
Total comprehensive income for the year	-	365	-	18	383
Issue of shares	2	-	61	-	63
Translation difference through OCI	-	-	(31)	109	78
Transfer to statutory reserve	-	(101)	101	-	-
Balance at 30th June 2019	5,672	10,470	445	1,132	17,719

COMMENTARY

PERFORMANCE IN H1 2019

The operating environment in East Africa was challenging particularly in Kenya due to the impact of drought and a consequent rise in the inflation rate. Nevertheless, we managed to yield gains from our efforts to turnaround financial performance.

We recorded an improved year-on-year performance with Profit Before Tax (PBT) of KES 517Mn compared to KES 445Mn in H1 2018, an increase of 16.3%. The good performance was attributable to steady growth in Net Earned Premium coupled with robust savings in operating expenses which declined by 8% year-on-year. The cost reduction was a result of payroll savings realized after the reorganization in H1 2018 in addition to concerted efforts to manage expenses Groupwide.

The claims experience increased due to the operating environment particularly for the Medical business and additional boosts to reserves in the Life Business because of growth. The total impact was a rise in Net Claims expense. Investment Income declined by 7.7% mainly due to the impact of property valuation write-downs. Although the NSE 20 Index on the Nairobi Securities Exchange had negative returns for the period, our investment portfolio fared relatively well with the only adverse impact from the property portfolio.

In the aggregate our PBT grew and consequently our Profit After Tax (PAT) rose from KES 190Mn in H1 2018 to KES 383Mn in H1 2019 marking 101.5% growth.

OUTLOOK

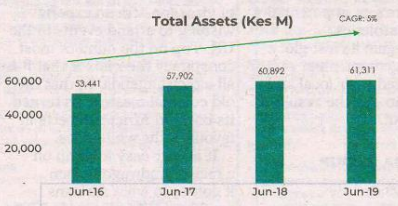
The execution of our strategy continues apace with continuous investments in our people and technology to ensure that we meet out stakeholder expectations especially that of our customers. The operating environment in East Africa is supportive and the potential for financial services is substantial promoting our investment in the region.

DIVIDENDS

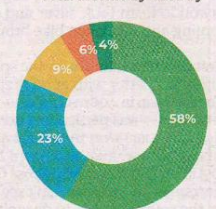
The Board of Directors does not recommend the payment of an interim dividend.

Dr JB Wanjui CBS
Chairman

Peter Mwangi
Group Chief Executive Officer



Total Income by Country



Kenya
Uganda
South Sudan
Rwanda
Tanzania